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Chairman: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10.15 a.m.

Agenda item 153: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

(a) Financing of the United Nations Peacekeeping Operations (*continued*)

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment (A/55/815 and A/55/887; A/C.5/55/39)

1. **Mr. Pedersen** (Chairman of the post-Phase V Working Group on reformed procedures for determining reimbursement of contingent-owned equipment), introducing the report of the post-Phase V Working Group (A/C.5/55/39), said that the Working Group, like its predecessors, had consisted of experts from Member States and the Secretariat, who had worked together as a team. The experts had been both military personnel and civilians with expertise in the areas of equipment, finance and medical support services. The Working Group had had three main objectives: to create a generic model for updating reimbursement rates and, subsequently, to update the rates approved by the General Assembly at the beginning of 1996; to review and update the existing standards and to seek new fields in which standards could be applied; and to consider the methodology underlying the calculation of standard rates for reimbursement of troop costs, including ways of producing timely and more representative data.

2. The Working Group had recommended that reimbursement rates should be reviewed triennially on the basis of national price and cost development indices reported by Member States. Given the substantial variations in such data, the Working Group had had to consider whether to calculate a simple average or to exclude some data. Ultimately, it had agreed on a statistical, decision-supporting model that included all data and used standard deviation as the statistical tool. Most importantly, since the model was generic, it could be used for future reviews of rates. Based on the data provided to it, the Working Group had recommended adjustments to the major equipment and self-sustainment rates per category ranging from 0.03 to 20.27 per cent. The impact of those revised rates on the United Nations peacekeeping budget was estimated at 7.42 and 7.53 per cent for major equipment and self-sustainment, respectively.

3. After reviewing the existing standards, the Working Group had recommended a number of minor adjustments to the definitions of categories, establishment of some new standard categories, and clarification of the issue of liability for damage to major equipment used by one country and owned by another and of the policy on inland transportation costs. It had also completed the review of policies on medical support services. However, the most significant achievement had been the establishment of standards and rates for painting and repainting, which would eliminate an administrative burden for both the Secretariat and troop contributors.

4. The Working Group had been asked to consider the issue of troop costs less than one month before it had met. While it had failed to achieve a consensus on a recommendation, it had come up with a number of options that could be considered by the Committee. Since the issue was political, specialists could not be expected to resolve it without being given further guidelines.

5. **Mr. Sheehan** (Assistant Secretary-General for Logistics, Management and Mine Action) introduced the Secretary-General's report on reform of the procedures for determining reimbursement to Member States for contingent-owned equipment (A/55/815). The outstanding work of the post-Phase V Working Group was very important for the development of a simple, transparent and equitable reimbursement system, which was essential for ensuring the deployment of peacekeepers who could implement the wide range of complex operations mandated by the United Nations.

6. He recalled that, in 1994, the General Assembly had established a project plan aimed at standardizing the equipment for which reimbursement would be authorized and identifying appropriate rates of reimbursement. In 1998, the Phase IV Working Group had reviewed a number of issues related to the new procedures, but had not reached agreement in connection with major equipment standards, self-sustainment categories or levels of medical support. In January 2000, the Phase V Working Group had proposed a methodology for updating rates for major equipment by indexing existing rates for contingent-owned equipment. The mechanism proposed for the

review of self-sustainment rates had been based on inflation, currency fluctuations and other economic factors. However, new rates had not been set owing to a lack of sufficient data from troop contributors.

7. The post-Phase V Working Group had met in January 2001 to analyse the methodology further, to conduct the first review of rates since 1996 and to consider issues related to medical support in response to the concerns expressed by the Special Committee on Peacekeeping Operations about the identification of medically high-risk areas, pre-deployment immunization costs and costs incurred for necessary post-repatriation treatment of peacekeeping personnel. Four major areas of reimbursement had been reviewed: major equipment, self-sustainment, medical services and troop costs. In view of significant variations in the cost data submitted by Member States for different types of equipment, the post-Phase V Working Group had recommended that the methodology developed by the Phase V Working Group should be revised to apply the statistical tool of standard deviation. On the basis of that methodology, it had recommended an increase in the reimbursement rates. It had agreed that the same formula for reviewing rates should be applied to self-sustainment.

8. The modular approach to reimbursement for medical facilities, which solved the problem of defining major and minor medical equipment, had been approved for recommendation to the General Assembly. That would simplify the verification and reimbursement procedures and assist in the planning of peacekeeping missions. Various views had been expressed on the policy concerning vaccination and medical examination costs. The Secretariat felt that a decision to reimburse those costs would have a substantial financial impact on peacekeeping budgets, particularly in view of regular troop rotations every six months. Currently, vaccinations provided on the advice of the United Nations were a national responsibility. For humanitarian reasons, the Working Group had recommended that all level I medical facilities should have a responsibility to provide emergency medical care to all members of a United Nations mission.

9. With respect to troop costs, the extensive discussions held by the Working Group had resulted in a proposal that the General Assembly should consider two options, which were presented in paragraphs 86 to 93 of the Working Group's report (A/C.5/55/39). The Secretariat looked forward to receiving the requisite guidance from the General Assembly on that and other issues outlined in the Working Group's report.

10. **The Chairman** recalled that the report of the Advisory Committee on Administrative and Budgetary Questions concerning the two reports just introduced (A/55/887) had been introduced previously by the Chairman of the Advisory Committee.

11. **Mr. Schori** (Sweden), speaking on behalf of the European Union and the associated countries Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Romania, Slovakia, Slovenia and Turkey, said that reimbursement rates must be set at a level that was fair to all troop-contributing countries and to the membership at large. Accordingly, the rates should have a sound and transparent basis and should accurately reflect the costs incurred by troop contributors. Given the importance of ensuring that peacekeepers were fully capable of delivering the necessary services, resources should be provided for the proposed pre- and post-deployment examinations. Other ways to ensure the effective conduct of peacekeeping operations should also be considered.

12. He was concerned that the General Assembly had not yet provided clear guidance on a methodological basis for the reimbursement of troop costs and that reimbursement rates for those costs had been set on a wholly ad hoc basis. He therefore supported the Advisory Committee's suggestion that a comprehensive review of the methodology should be carried out and that a group of qualified individuals should conduct an in-depth study thereon. Before any change in the current rate could be considered, a broad agreement must be reached on methodology, pursuant to General Assembly resolution 55/229. That methodology should reflect five basic considerations: that peacekeeping required Member States to provide adequately trained and equipped troops; that the reimbursement rate should cover necessary additional costs incurred by troop contributors; that the standard rate should be based on survey data representing the costs incurred by at least 60 per cent of the countries which had contributed troops during the previous three years; that the rate should equitably reflect the varying actual additional costs incurred by troop contributors, particularly any allowances and medical costs; and that reimbursement should be subject to the confirmed delivery of specific services by adequately trained and prepared personnel.

13. The European Union recognized the comprehensive work undertaken by the post-Phase V Working Group and endorsed the recommendations contained in paragraph 6 of the Advisory Committee's report (A/55/887). The standards set out in the Contingent-Owned Equipment Manual should be implemented consistently. A review should be conducted of the practical aspects of wet lease arrangements, including the effectiveness of procedures for ascertaining the capacity of troop contributors to meet the requirements of wet lease and self-sustainment provisions, the need to ensure the effectiveness of peacekeeping operations and the need to minimize delays in processing reimbursements.

14. **Mr. Jara** (Chile), speaking on behalf of the Rio Group, said that the countries members of the Rio Group had participated actively in the January 2001 meeting of the post-Phase V Working Group. They were pleased that the Working Group had reached consensus on revised reimbursement rates for major equipment, self-sustainment and the costs of painting and repainting major equipment, and on new rates for medical services. However, they regretted that no consensus had been reached on the methodology for calculating standard rates of reimbursement to troop contributors, as requested in General Assembly resolution 55/229. Accordingly, they supported the Advisory Committee's recommendation that a group of experts should study the methodology and the elements to be taken into account in calculating such reimbursement rates. They also agreed that, in the interim, the rates should be increased as an ad hoc arrangement.

15. Although he welcomed the Working Group's accurate analysis of the problems related to the review of the policy on vaccination costs and pre- and post-deployment medical examinations, he regretted that the Working Group had not formulated any recommendations in that regard. Progress must be made in formulating an appropriate policy that duly reflected the aspirations of troop-contributing countries by providing for United Nations reimbursement of the costs of vaccinations and pre- and post-deployment medical examinations.

16. The Rio Group agreed with the Secretary-General that a simple, transparent and equitable reimbursement system was paramount for the efficient and effective functioning of peacekeeping operations. At a time when developing countries were the primary troop contributors to those operations, delays in reimbursement entailed heavy financial burdens for them which, if not alleviated, could affect their future participation in those activities. The Rio Group hoped that the Organization would use a significant share of the arrears payment from the United States of America to pay its debts to troop contributors. Some of those debts related to operations that had been liquidated years earlier.

17. **Mr. Paolillo** (Uruguay) said that his delegation fully supported the statement made on behalf of the Rio Group. Uruguay had demonstrated its commitment to United Nations peacekeeping by sending a total of over 10,000 troops to 20 peacekeeping operations since 1952. For some time, Uruguay had contributed more peacekeepers in relation to its population than any other country. Currently, its peacekeepers participated in 10 United Nations operations.

18. Unfortunately, the future participation of Uruguay and of other developing countries, which contributed over three fourths of all United Nations peacekeepers, was uncertain owing to the financial burden imposed by the Organization's delays in providing reimbursement. Of particular concern was the outstanding debt for Uruguay's participation in the peacekeeping operation in Cambodia, which had been liquidated eight years earlier. He asked what procedure would be followed for the payment of the Organization's debts in that regard, since the account for that operation had already been closed. If the problem was not addressed, Uruguay would feel that its commitment to peacekeeping was not reciprocated by the Organization. It would be regrettable if such delays obliged developing countries to stop taking part in peacekeeping operations.

19. Uruguay supported the recommendations of the post-Phase V Working Group, particularly in relation to the need for an upward adjustment of reimbursement rates, which had not been updated for 10 years. That extraordinary situation had particularly affected developing countries and had resulted in a disproportionate increase in the cost absorption factor from 32.8 per cent to nearly 54 per cent. Uruguay fully supported the Advisory Committee's recommendation that reimbursement rates should be provisionally increased by 4 to 6 per cent pending the outcome of a comprehensive review of the reimbursement methodology.

20. The issue of medical services was of particular interest to his Government. He was concerned to note that, despite the accurate analysis contained in paragraphs 107 to 113 of the post-Phase V Working Group's report (A/C.5/55/39), none of the final recommendations made any reference to the review of the policy on vaccination costs and pre- and post-deployment examinations. Uruguay supported the idea of developing a rate to cover vaccination costs. That additional burden on troop-contributing countries was often exacerbated by high-risk health conditions that made it necessary to provide treatment before, and sometimes after, the deployment of troops. In cases where troops were exposed to diseases that did not exist in their home countries, additional investments were required to obtain the necessary medical treatment. Those additional costs should also be taken into account by the Organization.

21. **Ms. Merchant** (Norway) said that her delegation accorded the highest priority to the further strengthening of United Nations capacity in the field of peacekeeping. It recognized the costs incurred by Member States that contributed troops to peacekeeping operations and agreed that there was a need to have in place a simple, transparent and equitable reimbursement system if those operations were to function efficiently and effectively. It appreciated, in that connection, the work of the post-Phase V Working Group and endorsed the recommendation made in paragraph 6 of the related report of the Advisory Committee (A/55/887) that the General Assembly should approve the recommendations of the Working Group.

22. It was important to develop clear guidelines to ensure timely reimbursement of troop-contributing countries. There was also a need to provide adequate training for both military personnel and civilians in the management of contingent-owned equipment in order to make sure that those guidelines were followed. With regard to the leasing of contingent-owned equipment, both the dry lease option and the United Nations support option should be utilized more frequently.

23. She expressed concern at the continuing delays in the signature by troop-contributing countries of memoranda of understanding with the United Nations. There was a need for all concerned to cooperate with the Organization with a view to minimizing those delays, which could limit the effectiveness of the measures to improve the working of peacekeeping operations.

24. Regarding troop costs, she noted that the General Assembly had yet to provide clear guidance on a methodology for calculating rates of reimbursement and that the issue of what was liable for compensation had still not been settled. Her delegation agreed with the Advisory Committee that there was a need for a comprehensive review, which should be conducted by a group of qualified individuals who would study and make proposals on the methodology and the elements on which it was based.

25. **Mr. Chandra** (India) welcomed the success of the post-Phase V Working Group in validating methodology, revising the reimbursement rates for major equipment, self-sustainment and certain special cases, reviewing new categories for major equipment, recommending generic reimbursement rates for painting and repainting of major equipment, and reviewing medical support services. He noted with satisfaction that the Secretary-General had recommended approval by the General Assembly of the Working Group's recommendations without comment or reservation. However, the basis for the Secretariat's view on reimbursement of vaccination and examination costs (A/55/815, annex) was not clear to him, since the end figure of $241 per contingent member had been arrived at on the basis of data provided by Member States and the methodology applied, which had consisted in using a standard deviation of 25 per cent, had been no different from that utilized in the other areas reviewed by the Working Group.

26. Regarding the related report of the Advisory Committee (A/55/887), while he agreed that the delays in signing memoranda of understanding must be minimized, those delays were attributable as much to the Secretariat as to troop-contributing countries. The Advisory Committee stated in paragraph 6 of its report that there was a need to have in place a simple, transparent and equitable reimbursement system. His delegation agreed on the need for transparency and equitableness, but the simplicity of the system would depend on the number of special cases and the requirements of individual operations.

27. With regard to troop costs, he pointed out that the average absorption factor had increased to 53.9 per cent whereas the reimbursement rate for personal equipment and clothing had remained unchanged at

$65, which was unfair and unjust since the majority of troop contributors were developing countries. Those States did not oppose the application of a standard methodology to calculate troop costs, nor did they object to the use of a statistical tool to arrive at a representative figure. However, the data they provided was sacrosanct and must be treated as such. Accordingly, the Secretariat should obtain the approval of the General Assembly before circulating questionnaires to Member States. He urged the Committee to consider the proposal made by the Danish delegation during the post-Phase V process that, pending a comprehensive review of the methodology of reimbursement for troop costs, the current rates should be increased through an ad hoc arrangement. The resultant additional requirements could be reflected in the manner recommended by the Advisory Committee in paragraph 14 of its report.

The meeting rose at 11.10 a.m.